AMENDED IN SENATE MAY 4, 2005

AMENDED IN SENATE APRIL 21, 2005

AMENDED IN SENATE MARCH 29, 2005

SENATE BILL   No. 328

Introduced by Senator Cedillo

February 16, 2005

An act to add Section 14084.5 to the Welfare and Institutions Code, relating to hospitals.

LEGISLATIVE COUNSEL'S DIGEST

SB 328, as amended, Cedillo. Health facilities: Medi-Cal reimbursement: selective provider contracts.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons are provided with health care benefits, including hospital services.

Existing law authorizes the special negotiator to negotiate selective provider contracts with eligible hospitals to provide inpatient hospital services to Medi-Cal beneficiaries.

The bill would require the special negotiator, in negotiating selective provider contracts, to provide a per diem rate that is reflective of the cost of providing care for *to take into consideration the reimbursement issues faced by* any hospital that is not a disproportionate share hospital and that meets 7 conditions, including that the hospital has for the previous 3 years been a contracting hospital providing basic emergency services or comprehensive emergency medical services, maintained obstetrical services and a neonatal intensive care unit, and sustained a minimum level of operating losses.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1   SECTION 1. Section 14084.5 is added to the Welfare and
2 Institutions Code, to read:
3   14084.5. (a) The special negotiator, in negotiating contracts,
4 shall ~~provide a per diem rate that is reflective of the cost of~~
5 ~~providing care for~~ *take into consideration the reimbursement*
6 *issues faced by* any hospital that is not a disproportionate share
7 hospital and that meets all of the following criteria:
8   (1) Is a contracting hospital under this article and has been for
9 the previous three years.
10   (2) Is located within five miles of a county operated general
11 acute care hospital licensed pursuant to Section 1250 of the
12 Health and Safety Code.
13   (3) Had 7,000 inpatient acute care, excluding psychiatric and
14 rehabilitation, Medi-Cal days or more in the previous year.
15   (4) Is, and has been for the previous three years, either one of
16 the following:
17   (A) A licensed provider of basic emergency services as
18 described in Sections 70411 and following of Title 22 of the
19 California Code of Regulations.
20   (B) A licensed provider of comprehensive emergency medical
21 services as defined in Sections 70451 and following of Title 22
22 of the California Code of Regulations.
23   (5) Had at least 20,000 emergency department visits in the
24 prior year.
25   (6) Has an existing obstetrical services and a neonatal
26 intensive care unit and has had these services for the previous
27 three years.
28   (7) Has a sustained operating loss, excluding the payments
29 received from Medi-Cal pursuant to this section and all
30 nonoperating revenues, including donations and income from
31 investments, of three million dollars ($3,000,000) or more a year
32 for each of the most recent three years as reflected in the
33 hospital's audited financial statements.

1   (b) The contract term may be set at the discretion of the
2 special negotiator and the hospital, but shall not be less than one
3 year.
4   (c) The department shall seek federal financial participation
5 for expenditures made pursuant to this section to the full extent
6 permitted by federal law.
7   (d) The department shall promptly seek any necessary federal
8 approvals regarding this section.
9   *(e) This section shall not apply to any hospital that is eligible*
10 *for Medi-Cal supplemental payments under Section 14085.6 or*
11 *any other program established under the selective provider*
12 *contracting program pursuant to a federal waiver.*

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